

14 July 1955

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Comment on 6 July Talks Between Secretary Dulles  
and Krishna Menon

1. Secretary Dulles stressed the following points in his conversations with Krishna Menon:
  - a. The use of force cannot achieve peace in the Far East and force will be met with force.
  - b. The US not only will not, it cannot now bring about the evacuation of Quemoy and Matsu. The US can no more discuss the evacuation of Matsu and Quemoy (with the Communists) than Menon could discuss an evacuation of the Communists from the mainland.
  - c. The problem of the unification of China is similar to that of Korea, Germany, and Indochina and the US opposes the use of force in any of these situations.
  - d. The present situation should be accepted. There is now no solution to the basic problem except war. Time and time alone is the answer.
  - e. The US is prepared to negotiate directly with the Chinese Communists on marginal matters, but will not negotiate behind the backs of the Chinese Nationalists for the evacuation of Quemoy and Matsu.
  - f. It is entirely within the ability of Communist China, within the next few years, to achieve recognition by the US and membership in the UN; but only if they change their present manner of action.

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- g. The US will not bargain for the release of US prisoners. It is not necessary that US prisoners be released in order for US-China talks to take place but conversations would proceed in a much more favorable atmosphere after the prisoners are released.

2. We are unable to determine how faithfully and fully Menon will report the Secretary's observations to Chou En-lai. Since India appears disposed to overlook basic issues in its efforts to promote co-existence and since Menon probably desires to continue playing the role of an intermediary, he may emphasize those points which indicate a US willingness to negotiate. On the other hand, in his discussions with UK leaders and with Nehru, Menon may convey the tenor of the Secretary's remarks in such a way as to make the US seem responsible for a failure to resolve the offshore island issue.

3. In any event, it would appear that Menon could not fail to give Chou the following general interpretation of the US position: The US will probably respond with force to a Communist attempt to seize the offshore islands. The US is not prepared to negotiate a Nationalist withdrawal of the islands at this time. The only course short of war is for Peiping to accept the status quo, renounce the use of force, and hope that in time the situation will work itself out to the satisfaction of all concerned. If Communist China renounces the use of force and makes other undefined changes in its policies and attitudes, the US may even extend recognition and permit China's entry into the UN. The US is willing to enter into direct conversations with Communist China at Geneva or some other location on marginal matters not directly concerned with the Taiwan straits issue.

4. We believe that such a presentation by Menon would not alter significantly Peiping's present estimate of US intentions or Peiping's courses of action. The Secretary's remarks are consistent with and similar to the impact of the President's message to Congress at the time of the Joint Resolution on Taiwan, i.e., they held out to Communist China the prospect of an eventual evacuation of the offshore islands provided Peiping will renounce the use of

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force in the Taiwan area. It may be that the Secretary's remarks place the prospect of an evacuation further in the future than Peiping had been led previously to believe was the case.

5. We believe that Peiping has never had much faith in the US willingness to negotiate the evacuation of the offshore islands and even less faith in the chances for a satisfactory peaceful disposition of Taiwan itself. Peiping's views of our intentions are almost certainly more heavily influenced by its basic Marxist outlook and by US military actions and dispositions in the Taiwan area than by US statements. The reinforcement of Quemoy and Matsu with US assistance over the past several months, and the step-up in US activities on Taiwan have almost certainly been viewed in Peiping as indications of a US intent to continue support for the entire Nationalist position.

6. The Communists have continued their rapid air build-up in East China throughout the lull in tensions in the Taiwan area. We take this as evidence that they place little faith in the prospect of a negotiated solution except under conditions of military and psychological pressure on the US.

7. The impact of the Menon-Dulles talks on Nehru and on UK officials -- assuming that the substance is circulated by Menon -- will depend, of course, upon the twist Menon puts on the Secretary's remarks. From his comments to Assistant Secretary Allen, it would appear that Menon felt the Secretary had given him nothing to take to Peiping that would provide the basis for further progress along the path of conciliation. Menon may describe the Secretary's position as being entirely negative. Even so, we do not believe that such an expression of views by Menon will have any significant effect in the UK where the US position is well known and fairly well understood. Nehru and other Asian leaders would probably be disappointed that the US had not offered a more substantial basis for negotiations with Peiping. However, this would not lead to any diminution in their efforts to promote negotiations or in their basic policies. Moreover, Nehru may be impressed by the Secretary's implied assurances that Communist China could gain certain of its objectives if it too renounced force and accepted the status quo.

FOR THE BOARD OF NATIONAL ESTIMATES:

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Acting Assistant Director  
National Estimates

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